

Southern Maine Forestry Services

Spring 2019 Newsletter

Forestry isn't rocket science. It's harder!

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Spring has finally arrived in fits and starts. It has felt downright wintery at times, but mud season is underway and by the time you read this there may very well be trees budding and blackflies emerging. We have taken full advantage of the cold winter and had a productive season harvesting timber on frozen ground. Now, we are moving logging crews on to our client's more well-drained woodlots to take advantage of the market improvements that can occur when saturated soils make many of the region's woodlots inoperable.

Our latest news here at Southern Maine Forestry is the addition to our team of Aiden Heikkinen. Aiden, a native of South Paris, ME, has worked for us seasonally as a technician for several years while attending the University of Maine at Orono. He will be joining on full-time after he graduates this spring with a dual major in Forestry and Surveying Engineering Technology. We look forward to having Aiden on board, and his addition will allow us to better tackle the workload that comes with servicing the needs our clients.



Aiden Heikkinen

In other news, we've recently concluded the marking and sale by bid process for a high-quality pine and oak woodlot that we manage for the town of Standish. The results of this and other sales can be found at

Someforest.com and

can provide a reference for current timber prices.

In this newsletter, we've included two articles drawing from our experience as foresters that illustrate the value a forester can provide to a landowner, and some of the pitfalls that can come from harvesting timber without the assistance of a skilled forester. We hope you find them informative.

Markets

In general, markets are good. Hardwood pulpwood and firewood moved well all winter. Biomass chips, though down in price moved surprisingly well. Hardwood log prices have held gains made last year and in some cases have gone up. Demand for hardwood logs suitable to saw into cants to be made into construction mats has softened a bit. Prices are still historically good for low grade hardwood logs which normally would have gone into pallets. This product competes with lower grades of sawlogs and puts a floor on prices. Softwood log markets are steady. Hemlock log supply exceeded market demand this past winter and small logs were hard to move. Spruce and fir held steady as did the market for white pine. The market for white pine seems strong for both good grade logs and pallet grade. We are seeing considerable variation in inventories of logs at mills this

spring with softwood pulp inventories being quite low. Landowners should be vigilant that stems suitable for higher value sawlogs are not marketed as pulpwood. We expect markets to remain good through spring and early summer.

Nick McDougal has been assigned the tasks of editing our newsletters and keeping our website updated. Having those tasks assigned to one person rather than each of us trying to do bits when we had time will result in more timely updates.

Check things out at someforest.com thank you.

Invasive Forest Pests in Maine

As you may have heard, the emerald ash borer, an invasive insect native to Asia which inflicts high mortality rates on north American ash species, has finally made it to Maine. The insect has been found in the towns of Acton, Lebanon, and Berwick near the New Hampshire border, and as a result the Maine Forest Service has issued a quarantine limiting the movement of ash forest products, including sawlogs, pulpwood, chipped wood, and untreated firewood, from all of York county.

What are the implications for landowners? Ash makes up a fairly small component of most of Maine's forests. However, where it does occur it can be a high-value species. It is likely that the ash borer will continue its spread into Maine, and landowners in who have a significant volume of ash on their woodlot may want to consider a harvest in coming years in order to capture

the value of their trees. It can be painful to consider liquidating a nice stand of currently-healthy ash, but the devastation the insect has caused where it has been established in the upper Midwest indicates that this may be the best option in a bad situation.

Another invasive insect to keep an eye on is the browntail moth. The browntail moth first became established in New England over a century ago, however, populations were in decline for much of the 20th century and in Maine where at one point limited to several Casco Bay islands. In recent years, populations have been on the increase and expanding inland from the Casco Bay area. This insect is both a human health hazard and forest pest. Caterpillars can defoliate and even kill hardwood tree species including oak, and shed hairs which can cause a rash and respiratory issues.

The Tale of Two Timber Sales

Erik Grove

I have been a consulting forester for more than twenty years. In that capacity I function as a fiduciary and am charged with the strictest duty of care in the US legal system. I have the responsibility to look out for my client's interest whether that be future growth and productivity or getting the best prices when selling their timber. There are many foresters out there, some of whom work procuring wood for mills or loggers, or buying stumpage. Others work for governments and other groups. The fiduciary responsibility of these individuals is clearly to their employers and not the landowner.

There are many reasons landowners give for not hiring a forester. Sometimes a landowner needs to "cut off" their woodlot to raise cash. They don't see value in hiring a forester to plan the harvest. They equate a forester with marking timber, not marketing timber. Sometimes a friend or neighbor is a logger who might discourage them from hiring a forester by claiming that they know which trees to pick, and that there is no value in paying a forester's fees.

What follows is the story of client family over a period of years and generations. Normally we cannot share a landowner's financial information but this client gave me permission to share the results of recent timber sales in hopes it will help others avoid similar mistakes. Not often is there the opportunity to compare the results of a landowner selling timber directly to a logger, and the result of timber sold by a forester representing the land owner.

One of my long term clients in south-central New Hampshire owns a farm of over 700 acres including over 500 acres of timberland. Over the past twenty years I had marked timber for sale and supervised harvests over roughly half the woodland. In 2015 the family was in need of cash and decided to liquidate timber from 300 acres. The prescription was to cut all the sawtimber greater than 12 inches dbh and harvest low quality trees. Half of this land had received a prior forester-supervised improvement cut and was above average quality timber. All areas of the sale were heavily stocked with sawtimber. The wood was sold directly to a long time neighbor and "friend." This neighbor succeeded in convincing them it was a waste of money to hire a forester.

In early 2016 the family consulted with me to determine if they had received full value for the timber sold. The prices paid by the neighbor were low, and in some cases very low. As a comparison, New Hampshire has a stumpage tax of ten percent of the state's assessment of stumpage values. This valuation is accepted as being quite conservative relative to real-world prices. The stumpage tax on this neighbor-harvested timber exceeded ten percent of the stumpage received by the landowners by a considerable amount.

Later in 2016 a family member suffered a stroke and needed assisted living care until his death in late 2017. It was decided the timber on the remaining 150 acres would be sold to pay for the ongoing care. This time I was hired to administer the sale. The timber was

marked and an estimate of volume to be sold was generated. The timber was then advertised and sold by competitive sealed bid in the fall of 2017. The gross timber sale receipts for the timber sold in 2018 is \$1,682 per acre. Had the family continued to sell the timber to the neighbor they would have only grossed \$1,084. Our usual fee for timber sale supervision fee is 15% of gross income or \$252 per acre. Hiring a forester yielded this family an additional \$346 per acre in income! That is 32% more income than had they sold to their neighbor! And this ignores another factor: The residual forest where I marked the trees to be cut and supervised the harvest will grow more and higher quality timber in the future. These factors represent a high short-term and long-term return on the investment in a forester's fee. Foresters who are fiduciaries to landowners don't cost their clients money. They make their clients money.

If you would like to see more detailed information on stumpage prices from this timber sale please visit our website for an expanded version of this story and thorough comparison of the numbers.



Tallying veneer oak. This is the type of high-quality product for which a forester can ensure proper utilization and marketing.



A liquidation cut gone wrong. The valuable timber has been removed, and low-value, undesirable hardwood and hemlock left behind.



Proper harvest layout can protect desirable regeneration, even when most of the timber is harvested.

The Old Guy's Anecdote

Rene Noel

Reading Erik's article above made me think of a woodlot I've managed for many years. This is my 46th year of practicing forestry. In 1981 I started my private practice of consulting forestry and forest land management. Not long after starting my business I was lucky to be hired to manage a piece of well-drained woodland located on a unmaintained town road. I recall the first time I looked at this parcel. Most of the

commercial timber had been cut in the 1950's. About half the stocking was of residual trees of varying quality, and about half was 4-6" pole-sized timber of good quality.

As I walked one boundary line I saw that the abutting lot was comparatively well stocked with nice sawtimber, including high quality medium-sized pine and hemlock. I called that adjacent landowner to offer

my services to him as well, but he explained that he had a good logger and didn't think he needed to pay a forester.

Time passed. I sold firewood stumpage off of my client's lot to a young logger who used a farm tractor to skid the trees. Low quality residual hardwoods, sprout maple, and beech were harvested, leaving the best trees to grow. At about the same time timber on the neighboring lot was cut. Mostly pine sawtimber was harvested.

In the 1990s I marked trees for another timber sale on the property I was managing. A logger using a skidder and chainsaw cut mostly residual hemlock and hardwoods along with a few pine that did not have good potential. Again, within the same time period, the abutting lot was cut. That residual forest was composed mostly of hemlock.

In 2000 I again marked and sold trees from my client's property. This time our logger had mechanical harvesting equipment that allowed the pole-sized timber, now 8-12 inches in diameter, to be thinned, and some mature timber harvested. This forest was now starting to look really good, with well spaced, good quality red oak and white pine making up most of the growing stock. The harvest was followed up with an application of herbicide to control beech.

In 2014 I again marked trees for sale and sold timber on this property. My client's woodlot is now composed mostly of high quality red oak and white pine saw logs. Healthy, vigorous large sapling to small pole-sized oak and pine stems are growing in the openings where trees have been harvested. The understory has

oak, pine and other seedlings and saplings of desirable species.

The abutting lot? It has in the meantime been cut again. From the boundary I see mostly hemlock stumps. The residual stand is largely hemlock with an occasional spindly pine or hardwood. It is understocked for best growth, and the regeneration is mostly hemlock and beech. When I first saw his woodlot decades ago, I estimated that it held roughly \$1,000 per acre in timber value. Today I would estimate \$300-400 per acre. Meanwhile, through conscientious management, my client's property has increased in timber value from roughly \$300 per acre to \$2,000 per acre, while yielding about \$1,400 per acre in stumpage sales along the way. It will continue to be managed to increase its health and value.

When I left the employment of the Maine Forest Service to start my consulting practice all those years ago, I had the idea that I was a crusader who would save landowners from nefarious loggers and wood buyers who took advantage of them. I've changed my mind. The folks who buy and cut wood are mostly honest business folks trying to make a profit. The cheaper they can buy timber, the more money they make. They are professionals at what they do and do it regularly. Most landowners, on the other hand are rank amateurs when it comes to selling timber. As Erik's article makes clear, amateurs who don't have a forester to represent them don't fare well when dealing with pros.